

Impacts of HR 1 to Idaho's Employment Services, Vocational Rehabilitation, and Veterans Services

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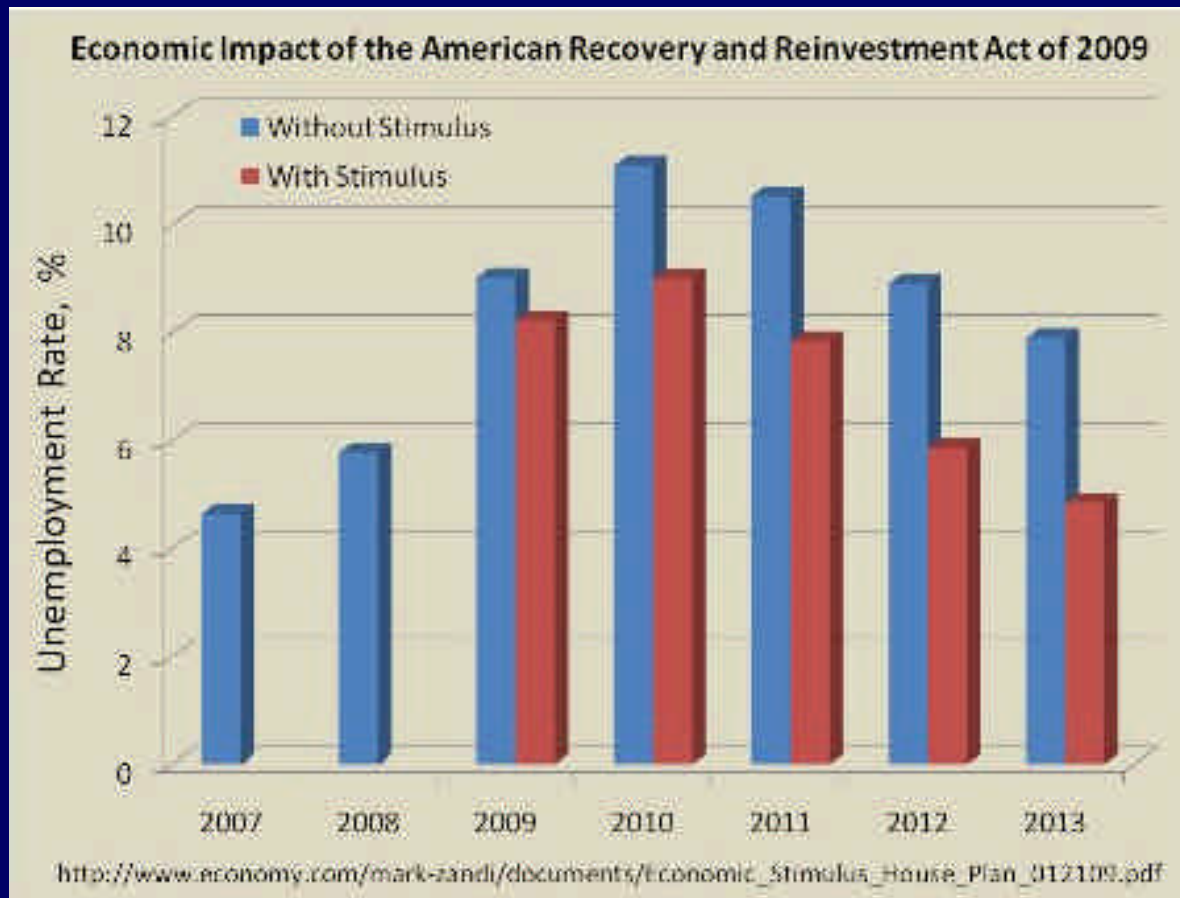
Introduction

- What these sections mean to Idaho – brief overview:
- Title II, VIII - Labor: \$25 extra per week per UI benefit payment (\$1.2 million weekly), interest free bridge loan to re-fill State UI Trust Fund, Workforce Investment Act adult and youth employment training activities.
- Title VIII - Vocational Rehabilitation and Idaho Commission for the Blind and Visually Impaired: opportunities to continue to serve the disabled in their pursuit of employment and living independently.
- Title IX - Veterans Services: medical facilities maintenance and repairs; electronic health information update.
- Title III – C O B R A benefits assistance – this may equal a health insurance premium cost reduction for certain qualifying individuals.

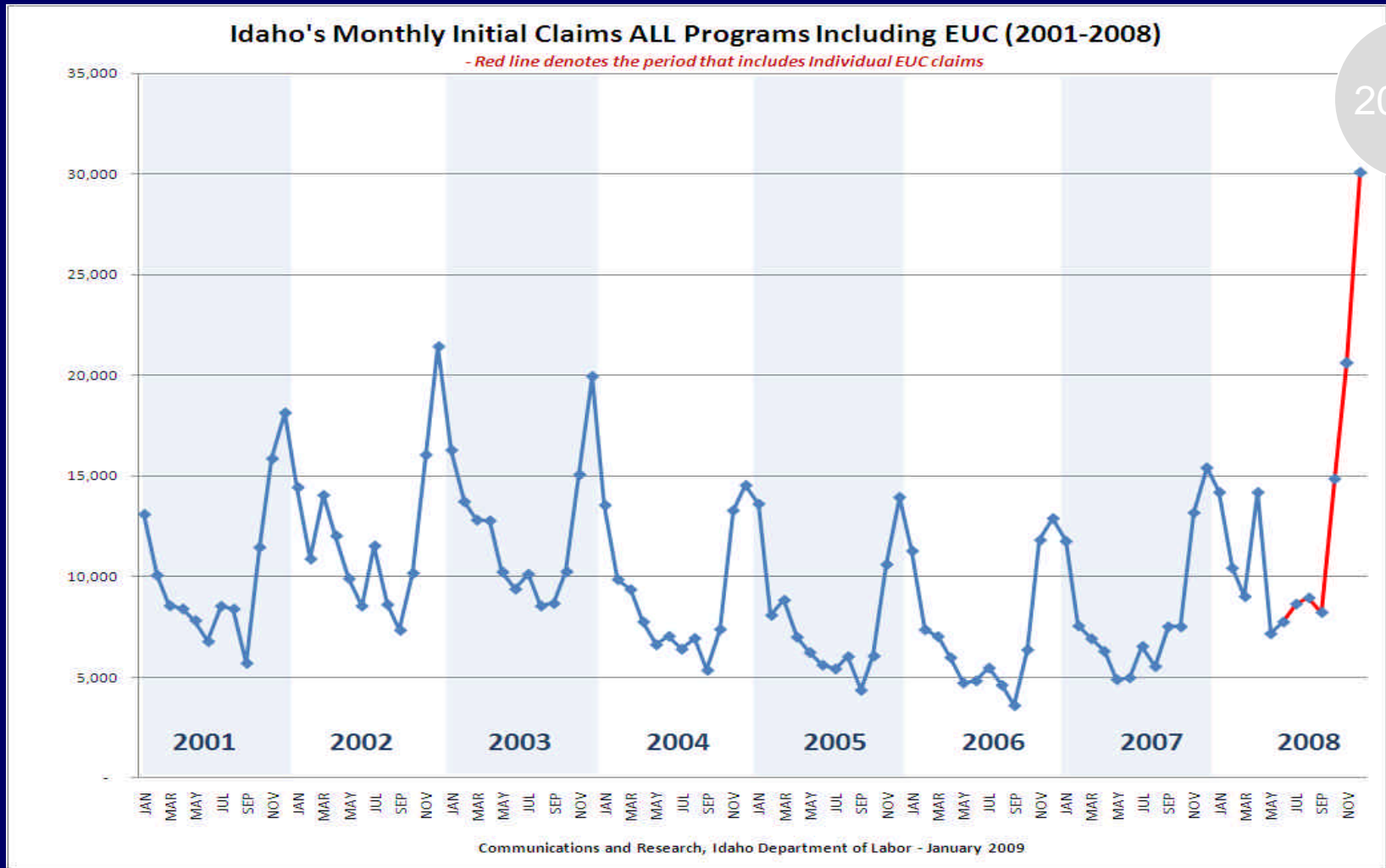
Targeted Efforts – Title II, VIII - Department of Labor, Employment Services

- Compare and contrast: slide 4 shows national unemployment projections with recovery and without recovery.
- Slide 5 is Director Madsen's and it highlights the sharp increases seen in Idaho's unemployment.
- With 120,000 Idahoans currently requesting job services, and over 47,000 unemployment benefit checks cut last week, unemployment benefits will be a core component of the recovery process.

Projected Impact of Stimulus on the National Unemployment Rate



Idaho Monthly Initial Claims – All Months



Targeted Efforts – Idaho's share

- Labor's share of stimulus resources include approximately \$12 million based on an allocation projection issued by Federal Funds Information for States (FFIS).
- Governor Otter quickly signed (see accompanying hand-out) an agreement with the U.S. Department of Labor on February 19, 2009 to add \$25 per week per benefit check under Title II of ARRA. An additional \$25 per week will be distributed to 47,000+ unemployment benefit recipients beginning after March 1, 2009. The financial impact of these federal-only funds will be nearly \$1.2 million per week to Idaho's unemployed. These funds will be available to unemployed workers qualifying for benefits through December 26, 2009.

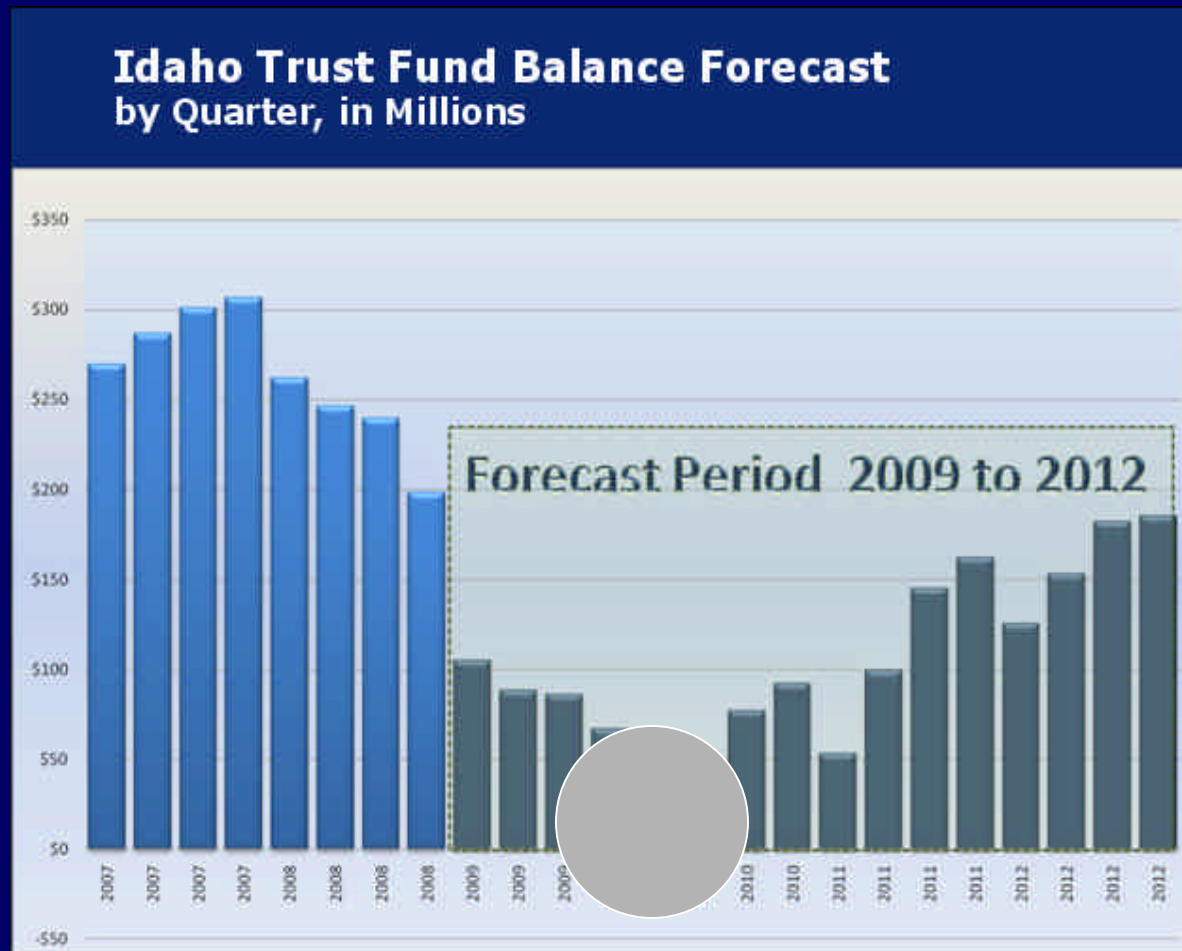
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- Breakdown of \$12 million for Idaho and how it will be used:
- \$2.2 million for UI State Administration and \$3.6 million for Employment Services will go directly toward additional administrative costs of running the unemployment insurance fund and employment services programs. These total \$5.8 million.
- \$6.2 million will go for Workforce Investment Act (WIA) programs which include vouchers for adult education and training for dislocated workers, disadvantaged youth, and low-income adults. Precise allocations of these resources for the next three years are not yet available.

Idaho Department of Labor – Trust Fund Cash Balance

- Current conditions have placed exceptional pressure on Idaho's Trust Fund cash balance.
- Even given the current 70% increase in Idaho's unemployment tax rate, the Trust Fund will still need resources to remain solvent.
- To smooth the Trust Fund balance in the future, exploration may occur on the use of a "trigger" to raise unemployment insurance rates employers will pay when the Trust Fund reaches a certain level.
- Currently, rates can only be adjusted once per year.
- The Department of Labor anticipates using interest-free loans to balance the Trust Fund. Idaho is federally required to continue paying unemployment benefits – failure to do so would result in a 700% increase in federal unemployment taxes payable by Idaho's employers.
- ARRA brings an interest free feature to the bridge loan necessary to replenish the Trust Fund – it is anticipated Idaho may need \$10-20 million – possibly more - by November or December of 2009.

Department of Labor Projected Trust Fund Balance



Title III: ARRA Impact on COBRA Continuation Coverage

- C O B R A = Consolidated Omnibus Budget Reconciliation Act (of 1986)
- Ordinarily, certain past employees may purchase continuation coverage of health care benefits provided with their most recent employer – for a price – historically this has precluded affordability – typically 102% of total premium cost.
- Impact of ARRA – a federal subsidy is available for 65% of the COBRA premium. The benefit phases out over an eligibility scale for higher income individuals and couples. It's difficult to predict the impact as this offer may still prove cost prohibitive.
- Title III of the Act indicates the potential “assistance eligible individual” would experience the savings as a reduction in premium payments made to their group health plan administrator.

Targeted Efforts – Title VIII, Vocational Rehabilitation

- According to FFIS, Vocational Rehabilitation and the Blind Commission in Idaho have a total possible \$3.3 million available through ARRA.
- Historically, these resources have been split between Vocational Rehab and the Blind Commission.

Targeted Efforts – Vocational Rehabilitation

- How will the resources be spent? Guidance for allowable costs for Vocational Rehabilitation can be found in the Code of Federal Regulations, Title 34, Part 361 and are embodied in Idaho's State Plan.
- Given the Idaho State Plan guidelines, Vocational Rehabilitation and the Blind Commission will pursue using available recovery resources with an emphasis on providing jobs by:
 - Providing incentives to Idaho employers to hire disabled workers.
 - Providing assistive technologies to help move disabled workers into employment opportunities.
 - Continuing to maintain independent living circumstances for older blind and other eligible individuals through use of Independent Living resources available through the Act.

Targeted Efforts – Title X, Veterans Affairs

- Of this \$1.2 billion total allocated to the Department of Defense for Veterans, the Idaho Division of Veterans Services is looking at “Medical Facilities non-recurring maintenance” dollars in ARRA for roof repairs at the three Idaho Homes. In addition, refurbishing elevators in veterans homes may be possible, and also possible would be an update of veterans electronic health records.
- Federal Medical Assistance Percentages (FMAP) will increase retroactively to October 1, 2008. This increase includes payments made to Veterans Services.
- Veterans Services generates between \$6 and \$7 million per year in Medicaid receipts – the Department of Health and Welfare incurs these costs as Veterans Services bills the Medicaid program – the net resulting impact of ARRA will be a reduction in the state share match the Department of Health and Welfare provides as it makes payment to Veterans Homes for their Medicaid claims.

Keep in Mind: Transparency and Accountability – Impact of Implementation

- Accountability items to remember...we will definitely be using some of the recovery and reinvestment resources.
- Idaho's share from ARRA could exceed \$1 billion.
- Agencies must respond with an ability in their financial systems to clearly delineate recovery funds from other resources.
- In some instances, agencies may need to add staff or reallocate staff in order to coordinate the tracking of recovery resources.
- Agencies must establish a dedicated page on their website for recovery efforts. Some reporting requirements will require immediate action on the part of entities receiving recovery funds. The Office of Management and Budget (OMB) has issued 59 pages (so far) of implementation guidance. Appendix 2 of the Office of Management and Budget's guide describes agency website requirements, guidelines, and best practices.

Conclusion: How Agencies are Preparing...

- Exact dollar amounts each agency will pursue aren't yet fully known.
- Agencies are currently preparing detailed plans to submit to DFM.
- Once completed, the Governor's Committee will issue recommendations for use of recovery resources.